

# Division of Veterans Services

Analyst: Holland-Smith

## Historical Summary

<b>OPERATING BUDGET</b>	<b>FY 2005 Total App</b>	<b>FY 2005 Actual</b>	<b>FY 2006 Approp</b>	<b>FY 2007 Request</b>	<b>FY 2007 Gov Rec</b>
<b>BY FUND CATEGORY</b>					
General	2,071,800	2,062,000	2,456,200	1,759,200	1,634,000
Dedicated	10,707,000	10,554,600	10,977,000	14,651,100	14,303,400
Federal	4,939,300	8,592,900	5,179,000	5,604,800	5,490,000
<b>Total:</b>	<b>17,718,100</b>	<b>21,209,500</b>	<b>18,612,200</b>	<b>22,015,100</b>	<b>21,427,400</b>
Percent Change:		19.7%	(12.2%)	18.3%	15.1%
<b>BY OBJECT OF EXPENDITURE</b>					
Personnel Costs	0	13,068,200	417,300	15,884,900	15,301,200
Operating Expenditures	0	7,976,500	0	5,879,900	5,879,900
Capital Outlay	0	133,900	0	205,700	201,700
Trustee/Benefit	0	30,900	0	44,600	44,600
Lump Sum	17,718,100	0	18,194,900	0	0
<b>Total:</b>	<b>17,718,100</b>	<b>21,209,500</b>	<b>18,612,200</b>	<b>22,015,100</b>	<b>21,427,400</b>
Full-Time Positions (FTP)	305.32	305.32	306.32	307.80	307.80

## Division Description

The Division of Veteran's Services has the responsibility to provide care and extend financial assistance to disabled and destitute Idaho wartime veterans and their dependents. Services include: managing and operating the Veteran's Homes that include 268 nursing care and 36 residential care and domiciliary beds; maintaining a Veteran's Service Office to assist veterans and their families in obtaining federal benefits to which they are entitled (this office is located at 805 W. Franklin Street, Boise, in space furnished by the Veteran's Administration); and extending emergency financial assistance to disabled or destitute veterans and their families.

The Idaho State Veterans Cemetery has the mission to inter eligible veterans and their dependents, to appropriately mark and record gravesites, and to maintain the cemetery as a place of honor for veterans as well as a place of remembrance and reflection for the citizens of Idaho.

The Division of Veteran's Services was transferred from the Department of Health and Welfare to the Department of Self-Governing Agencies in fiscal year 2001.

# Division of Veterans Services

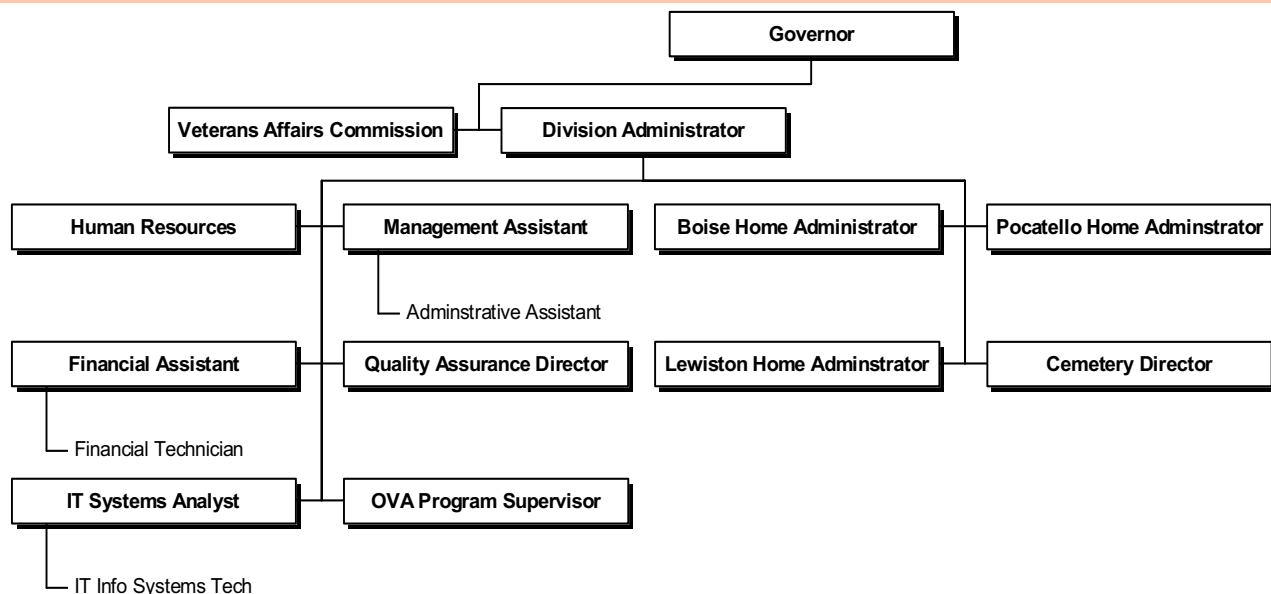
## Agency Profile

Analyst: Holland-Smith

Key Services Provided	FY 2002	FY 2003	FY 2004	FY 2005
1. Amount of veteran benefit dollars coming into Idaho.	\$105.4M	\$70.6M	\$111.0M	\$194.7M
2. Number of claims filed with the Dept. of Veterans Affairs and other agencies.	1,688	2,307	2,011	2,911
3. % of returned questionnaires from residents and families indicating satisfaction.	N/A	98.5%	96.6%	92.6%
4. Rate of Division staff turnover compared to industry average which is greater than 70%.	17%	21%	19%	17%
5. Number of new volunteer hours and annual volunteer hours.	39,971	67,952	83,576	59,903
6. Percent of occupied beds in facilities.	88.1%	91.9%	90.5%	86.6%

Sources of Funds	FY 2005 Expenditures	Percent of Total	FY 2006 Estimate	FY 2007 Request
1. General Fund (0001-00)	2,062,000	10%	2,000,800	1,759,200
The General Fund sources are the individual income tax, corporate income tax, sales tax, cigarette tax, beer tax, wine tax, liquor surcharge, kilowatt hour tax, mine license tax, treasurer's interest on investments of certain idle funds, and miscellaneous sources from agency receipts.				
2. Federal Funds (0348-00)	8,592,900	41%	5,371,200	5,604,800
Includes federal per diem amounts paid by Veterans Affairs.				
3. Miscellaneous Revenue	10,079,400	48%	13,797,000	14,255,400
Includes Medicaid reimbursement and moneys received from patients at any of the state's three veterans homes.				
4. Endowment Funds	475,200	2%	35,000	395,700
Money in this fund is five-thirtieths (5/30) of accrued funds resulting from all rentals, income, and interest from lands set aside by Section 11 of an Act of Congress, approved July 3, 1890, called the Charitable Institutions Fund (§66-1103 and §66-1106).				
<b>TOTAL</b>	<b>21,209,500</b>	<b>100%</b>	<b>21,204,000</b>	<b>22,015,100</b>

## Organizational Chart



# Division of Veterans Services

Analyst: Holland-Smith

## Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
<b>FY 2006 Original Appropriation</b>	<b>306.32</b>	<b>2,456,200</b>	<b>18,612,200</b>	<b>306.32</b>	<b>2,456,200</b>	<b>18,612,200</b>
HB 395 One-time 1% Salary Increase	0.00	17,400	111,000	0.00	17,400	111,000
1. Realign Agency Funding	0.00	(545,900)	2,480,800	0.00	(545,900)	2,480,800
Omnibus CEC Supplemental	0.00	0	0	0.00	14,600	128,100
Lump Sum Adjustments	0.00	0	0	0.00	0	0
<b>FY 2006 Total Appropriation</b>	<b>306.32</b>	<b>1,927,700</b>	<b>21,204,000</b>	<b>306.32</b>	<b>1,942,300</b>	<b>21,332,100</b>
Non-Cognizable Funds and Transfers	0.00	0	0	0.00	0	0
<b>FY 2006 Estimated Expenditures</b>	<b>306.32</b>	<b>1,927,700</b>	<b>21,204,000</b>	<b>306.32</b>	<b>1,942,300</b>	<b>21,332,100</b>
Removal of One-Time Expenditures	0.00	(17,400)	(827,600)	0.00	(17,400)	(827,600)
Base Adjustments	0.00	(440,200)	0	0.00	(440,200)	0
<b>FY 2007 Base</b>	<b>306.32</b>	<b>1,470,100</b>	<b>20,376,400</b>	<b>306.32</b>	<b>1,484,700</b>	<b>20,504,500</b>
Benefit Costs	0.00	45,100	405,500	0.00	(45,000)	(343,600)
Replacement Items	0.00	0	200,700	0.00	0	200,700
Statewide Cost Allocation	0.00	500	25,700	0.00	500	25,700
Annualizations	(0.02)	113,900	810,500	(0.02)	113,900	810,500
Change in Employee Compensation	0.00	12,600	110,800	0.00	23,300	204,500
<b>FY 2007 Program Maintenance</b>	<b>306.30</b>	<b>1,642,200</b>	<b>21,929,600</b>	<b>306.30</b>	<b>1,577,400</b>	<b>21,402,300</b>
1. Endowment Fund Shift	0.00	46,600	0	0.00	46,600	0
2. Fiscal & HR Staff	1.50	60,400	75,500	1.50	0	15,100
3. Emergency Relief for Veterans	0.00	10,000	10,000	0.00	10,000	10,000
<b>FY 2007 Total</b>	<b>307.80</b>	<b>1,759,200</b>	<b>22,015,100</b>	<b>307.80</b>	<b>1,634,000</b>	<b>21,427,400</b>
Change from Original Appropriation	1.48	(697,000)	3,402,900	1.48	(822,200)	2,815,200
% Change from Original Appropriation		(28.4%)	18.3%		(33.5%)	15.1%

# Division of Veterans Services

Analyst: Holland-Smith

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>FY 2006 Original Appropriation</b>	306.32	2,456,200	10,977,000	5,179,000	18,612,200

## HB 395 One-time 1% Salary Increase

Reflects a one-time 1% Change in Employee Compensation (CEC) increase.

Agency Request	0.00	17,400	55,600	38,000	111,000
Governor's Recommendation	0.00	17,400	55,600	38,000	111,000

## 1. Realign Agency Funding

The agency entered into an extensive budget planning process during the prior fiscal year to determine the actual impact of converting its nursing homes to Medicaid-certified (began in FY 2001); review the actual costs to operate the newly-opened cemetery and determine realistic revenue figures; identify a methodology to allocate costs amongst its administrative and advocacy functions; and respond to changes in federal law as to how Medicaid reimbursement could be offset by federal Veterans Administration per diem payments.

Since the agency was separated from the Department of Health and Welfare, it has been granted a lump-sum appropriation to deal with fluctuating nursing home costs. Once the nursing homes became Medicaid-certified it was agreed that it could take several years to realize the savings that were projected in 2001. Mostly because of timing issues related to Medicaid reimbursement, the agency came back in FY 2004 to the Legislature requesting General Funds to assist with cash-flow problems.

The agency now has sufficient cash balances and projected revenue sources to return \$545,900 from the General Fund to the state treasury and request spending authority for its Medicaid receipts and federal VA per diem to match appropriations to actual needs. At the same time, the rate of the Medicaid payments to the agency from the Department of Health and Welfare was reduced to mitigate the impact of the new federal law requiring that states not offset Medicaid reimbursement by VA per diem. Up until FY 2006, the state through the Department of Health and Welfare did not reimburse the Division of Veterans Services the full cost for Medicaid patients, but instead reduced the payment by the amount the VA was willing to pay in the form of per diem. This supplemental, in conjunction with an expenditure object transfer (Non-Cognizable Funds and Transfers), accomplish the spending adjustments to allow the return of the General Fund in personnel costs, and at the same time increase personnel costs in Medicaid receipts, and operating expenditures in federal VA per diem to meet spending appropriate with a 92% occupancy rate in the nursing homes, and a cost allocation plan that accurately and fairly represents the agency's activities.

Agency Request	0.00	(545,900)	2,872,500	154,200	2,480,800
Governor's Recommendation	0.00	(545,900)	2,872,500	154,200	2,480,800

## Omnibus CEC Supplemental

Agency Request	0.00	0	0	0	0
----------------	------	---	---	---	---

The Governor's FY 2007 recommendation is a 3% ongoing increase in employee compensation (CEC), based on merit, to commence in FY 2006 with the January 29 pay period. This will allow agencies to fund employee compensation increases for ten pay periods prior to the end of the current fiscal year. Funding for the remaining 16 pay periods is provided in the FY 2007 CEC.

Governor's Recommendation	0.00	14,600	81,000	32,500	128,100
---------------------------	------	--------	--------	--------	---------

## Lump Sum Adjustments

Allocates supplemental spending requests in a lump-sum adjustment that nets to zero.

Agency Request	0.00	0	0	0	0
Governor's Recommendation	0.00	0	0	0	0

<b>FY 2006 Total Appropriation</b>					
Agency Request	306.32	1,927,700	13,905,100	5,371,200	21,204,000
Governor's Recommendation	306.32	1,942,300	13,986,100	5,403,700	21,332,100

# Division of Veterans Services

Analyst: Holland-Smith

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>Non-Cognizable Funds and Transfers</b>					
Lump sum appropriation distribution that nets to zero, and an expenditure object transfer in conjunction with the supplemental request realigns the agency's spending authority to match actual needs.					
Agency Request	0.00	0	0	0	0
Governor's Recommendation	0.00	0	0	0	0
<b>FY 2006 Estimated Expenditures</b>					
Agency Request	306.32	1,927,700	13,905,100	5,371,200	21,204,000
Governor's Recommendation	306.32	1,942,300	13,986,100	5,403,700	21,332,100
<b>Removal of One-Time Expenditures</b>					
Removes funding provided for HB395, the 27th pay period, and other one-time items.					
Agency Request	0.00	(17,400)	(638,000)	(172,200)	(827,600)
Governor's Recommendation	0.00	(17,400)	(638,000)	(172,200)	(827,600)
<b>Base Adjustments</b>					
Reflects a shift from the General Fund to the Veterans Home Endowment Income Fund as part of the endowment fund fix for fiscal year 2007.					
Agency Request	0.00	(440,200)	440,200	0	0
Governor's Recommendation	0.00	(440,200)	440,200	0	0
<b>FY 2007 Base</b>					
Agency Request	306.32	1,470,100	13,707,300	5,199,000	20,376,400
Governor's Recommendation	306.32	1,484,700	13,788,300	5,231,500	20,504,500
<b>Benefit Costs</b>					
Includes the employer-paid portion of estimated changes in employee benefit costs. The two biggest factors are health insurance rates and retirement rates. Health insurance is projected to increase by 6.1% or \$436 per position. Retirement rates are scheduled to increase by 5.9% from 10.39% to 11% of salary for regular employees and by 5.7% from 10.73% to 11.34% of salary for police and firefighters. Other benefit changes include minor adjustments in unemployment insurance rates and workers compensation rates.					
Agency Request	0.00	45,100	255,400	105,000	405,500
Removes the PERSI rate increase and changes benefit costs to reflect a 3.5% or \$250 per FTP increase in health insurance costs. However, the change in health insurance providers, from Blue Shield to Blue Cross, has created a one-time opportunity to use unexpended reserves from the previous contract. This decision unit provides for a health insurance premium reduction equal to two month's premiums for both the employer and employee. Finally, a life insurance holiday is included equal to seven month's premium for the employer's share only.					
Governor's Recommendation	0.00	(45,000)	(232,600)	(66,000)	(343,600)
<b>Replacement Items</b>					
The agency is requesting spending of Medicaid receipts to purchase replacement items: BOISE HOME: \$26,500 for a minivan, \$8,500 for oxygen equipment, \$6,100 for a power lift. LEWISTON HOME: \$38,500 for a wheelchair lift van, \$6,100 for a power lift, \$1,200 for wheelchairs, \$10,000 for a commercial clothes washer. POCATELLO HOME: \$6,100 for a power lift, \$6,000 for beds. DIVISION ADMINISTRATION: \$34,600 for network servers, \$6,000 for Cisco switches, \$3,000 for routers, \$14,100 for laptop computers, \$9,600 for phone conference units, \$2,500 for printers, carts and cables, \$600 for an air conditioner unit, OFFICE OF VETERANS ADVOCACY: \$10,300 for computers/printers, \$11,000 for office furniture and equipment.					
Agency Request	0.00	0	200,700	0	200,700
Governor's Recommendation	0.00	0	200,700	0	200,700

# Division of Veterans Services

Analyst: Holland-Smith

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>Statewide Cost Allocation</b>					
The Statewide Cost Allocation Plan assesses state agencies for their actual use of Attorney General, State Controller and State Treasurer services and includes changes in property and casualty insurance premiums. This decision unit also includes changes in fees charged for legislative audits and changes in the cost of office space leased to state agencies by the Department of Administration. Risk management costs are decreasing by \$3,200, State Controller's fees increasing by \$27,500, and State Treasurer's fees increasing by \$1,400.					
Agency Request	0.00	500	18,800	6,400	25,700
Governor's Recommendation	0.00	500	18,800	6,400	25,700
<b>Annualizations</b>					
Completes the cost allocation for FY 2007 that is requested in the supplemental decision unit.					
Agency Request	(0.02)	113,900	434,100	262,500	810,500
Governor's Recommendation	(0.02)	113,900	434,100	262,500	810,500
<b>Change in Employee Compensation</b>					
Calculated cost of a 1% salary increase for permanent and group positions.					
Agency Request	0.00	12,600	70,100	28,100	110,800
<i>Provides funding for the remaining 16 pay periods to annualize the 3% ongoing change in employee compensation recommended in the omnibus CEC supplemental.</i>					
Governor's Recommendation	0.00	23,300	129,400	51,800	204,500
<b>FY 2007 Program Maintenance</b>					
Agency Request	306.30	1,642,200	14,686,400	5,601,000	21,929,600
Governor's Recommendation	306.30	1,577,400	14,338,700	5,486,200	21,402,300
<b>1. Endowment Fund Shift</b>					
Reflects a shift from the Veterans Home Endowment Income Fund to the General Fund due to a 10.6% reduction in the FY 2007 payout to the charitable institutions.					
Agency Request	0.00	46,600	(46,600)	0	0
Governor's Recommendation	0.00	46,600	(46,600)	0	0
<b>2. Fiscal &amp; HR Staff</b>					
The agency is requesting funding to hire one financial technician and a half-time personnel technician to absorb the increased workload. When the division separated from the Department of Health and Welfare, the headquarters staff was set up with the minimum number of staff believed necessary. The current staff members work overtime when a project needs to be completed and the division believes this practice will likely increase. The request is for personnel costs of \$70,500, and one-time capital of \$5,000 for office furniture and computer equipment.					
Agency Request	1.50	60,400	11,300	3,800	75,500
<i>The Governor does not include the General Funds in the recommendation.</i>					
Governor's Recommendation	1.50	0	11,300	3,800	15,100
<b>3. Emergency Relief for Veterans</b>					
The agency is requesting funds to provide emergency relief assistance to Idaho veterans returning from active duty in Iraq as well as any needy veteran residing in the state.					
Agency Request	0.00	10,000	0	0	10,000
Governor's Recommendation	0.00	10,000	0	0	10,000
<b>FY 2007 Total</b>					
Agency Request	307.80	1,759,200	14,651,100	5,604,800	22,015,100
Governor's Recommendation	307.80	1,634,000	14,303,400	5,490,000	21,427,400

# Division of Veterans Services

Analyst: Holland-Smith

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<i>Agency Request</i>					
Change from Original App	1.48	(697,000)	3,674,100	425,800	3,402,900
% Change from Original App	0.5%	(28.4%)	33.5%	8.2%	18.3%
<i>Governor's Recommendation</i>					
Change from Original App	1.48	(822,200)	3,326,400	311,000	2,815,200
% Change from Original App	0.5%	(33.5%)	30.3%	6.0%	15.1%